

STATEMENT of ALEXANDER VON HOFFMAN
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TO THE
HOUSE GOVERNMENT REFORM SUBCOMMITTEE on
FEDERALISM and the CENSUS

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Thank you, Chairman Turner and the members of the subcommittee, for the opportunity to testify today. I am honored and, as a historian, delighted that our elected representatives are crafting policies for the twenty-first century by trying to understand how we got where we are.

In the short time I have available, I will try to make a few observations about the history of low-income housing policy, the pitfalls of not adjusting to changed circumstances, and suggest that some of the original ideals of public housing may provide some broad policy goals for the twenty-first century. To supplement this statement with more detail, I would like to submit as part of my statement to the subcommittee a copy of an article I wrote entitled, "High Ambitions: The Past and Future of American Housing Policy," first published in *Housing Policy Debate* 7:3 (Fall 1996).¹

The federal government entered the housing arena permanently during the Great Depression of the 1930s. Under the administration of Franklin D. Roosevelt, the government passed laws—such as the National Housing Act of 1934—to help save the private housing industry, particularly the lenders of home mortgages such as savings-and-loan associations. But the Roosevelt administration also made housing part of social policy. First the federal government tried an experimental public housing program as part of the 1933 public works bill and through the passage of the Wagner-Steagall Act of 1937 permanently established public housing in the United States. In the intervening 69 years, the government has pursued a variety of housing initiatives for the benefit of low-income Americans, including programs to subsidize private developers of low-income housing, provide low-income households with rental vouchers, and assist nonprofit developers. Through it all the original public housing program has persevered, although it has experienced some perilous times, and today there are approximately 1.3 million households living in homes managed by 3,300 housing authorities.

¹ Reprinted in Wolfgang Preiser and David Varady, eds., *Future Visions of Urban Public Housing* (New Brunswick, N.J.:Center for Urban Policy Research Press at Rutgers University, 1998).

Some of public housing's resilience can be traced to the nature of support for the program: bipartisan and from diverse sections of the country. A primary leader in the drive to get the 1937 law passed was a Republican Cleveland city councilor and state legislator named Ernest J. Bohn. Another was a Catholic priest, the Monsignor John O'Grady, who was the director of Catholic Charities. The Senate bill that eventually became the Housing Act of 1949, which restarted public housing after the war and established the urban renewal program was sponsored by a coalition of two Democrats—Robert Wagner of New York and Allen J. Ellender of Louisiana—and one Republican, in fact, “Mr. Republican,” as he was known, Robert Taft of Ohio. Such bipartisan support for low-income housing was responsible for the passage of the Quality Housing and Work Responsibility Act of 1998, and continues to this day.

ORIGINAL INTENTS

In considering the future of public housing, it is worthwhile to consider what it was supposed to be. Few Americans realize that the public housing program of the last thirty or forty years is quite different than the program the reformers who campaigned originally envisioned.

The “public housers” as the program's advocates were known, conceived of a program that was flexible, varied, democratic and locally controlled. The housing would be developed and managed by an assortment of entities—local governments, unions, and nonprofit and limited-profit organizations. The housing residents would be represented in or belong to these organizations. The residents would have a large say in their housing developments. There was to be a variety of types of housing, tenure, and financing. Most units were to be rental apartments (most Americans rented in those days), but there were also to be cooperatives, and eventually some of the public housing leaders embraced home ownership.

Public housing was intended to be a large-scale program for the masses of Americans. Its proponents hoped to launch a comprehensive effort to shelter both middle-class and low-income Americans, who made up a majority of the population. (Depression-era wages forced many middle-class and some upper-middle-class citizens to become part of the working poor.) The idea of such a large-scale public housing program was plausible because private housing industry was flat on its back in the depression—a time when capital and credit were extremely tight and mortgage foreclosure rates were skyrocketing.

Thus, public housing was not supposed to be a poverty program. The original public housers—several of whom were social workers—knew that the very poor were the most difficult group to help and feared that a housing program for the truly indigent would likely fail. For this reason, the authors wanted to house the working poor and middle class first before tackling this difficult class of tenant.

The idea of community was central to the original concept of public housing. The promoters of public housing hoped to replicate the vital community life of America's big city and small town neighborhoods. In the prototypes and early housing developments,

they included day-care facilities, kindergartens, playgrounds, laundries, community centers, and stores in public housing developments.

Not everyone, even all supporters of public housing, shared this expansive view of the program. Most political support inside and outside the government came from the idea that the public housing would clear slums and replace them with good solid homes. The 1930s was a time when many, perhaps most, Americans lived in outmoded and substandard shelter—overcrowded slums, apartments and houses with outdoor privies (not indoor toilets), and shoddily built houses. The idea of slum clearance was popular across the political spectrum, and it provided the basis of support for public housing that led to its enactment in law.

WHAT HAPPENED

As happens with a lot of legislation, the process of creating a law created a good program, but not what the proponents first had in mind.

Rather than the decentralized and varied system the supporters of public housing had envisioned, the process of garnering support and satisfying the courts on constitutional questions created the present system: a federal agency that provides financial support and directives to local authorities that develop and manage public housing projects. The fundamental structure, based on long-term contracts between the federal government and housing authorities, has proved durable. Early on, however, the top-down nature of this relationship created tensions, and over time as Congress and federal housing officials added more guidelines, the system became increasingly rigid. Local authority officials came to feel almost completely hamstrung in what they could practically do, to the point where even minor renovations—such as adding roofed entrances—seemed impossible.

Public housing, as we know, did not become a large-scale or entitlement type of program. The Congress imposed income limits on public housing tenants as well as limits on the costs of building construction, which narrowed the focus of the program. In addition, the first director of the federal public housing agency exceeded even Congress's wishes in containing construction costs, urging local authorities to save money by eliminating expendable features such as doors and cabinets in public housing apartments. The austere approach combined with the simple modernist-style design helped create a stark image, which people began to associate with the poor.

Eventually public housing suffered from competition from the private market. The private housing industry in the 1930s had sought and found for help from the federal government, particularly in mortgage insurance and brokering. By the 1950s the Federal Housing Administration and the Veterans' Administration mortgage programs had succeeded in making suburban single homes affordable to the middle class.

A CHANGE IN CLIENTELE

At the same time, the clientele for public housing changed. In the early years, most tenants were assimilated immigrants and African Americans who worked and had middle-class values and aspirations. After the war, the movement of lower-class rural

migrants—white, black, and Hispanic—to America’s cities changed the population of inner-city neighborhoods. The civil rights movement helped break down the residential segregation of racial minorities, particularly African Americans, giving members of minority groups a wider range of possibilities for choosing neighborhoods to live in. Working people often preferred to live in old apartment buildings or houses. Particularly in large cities, people began to think of public housing as the housing of last resort, the place for people who were very poor, down on their luck, or overwhelmed by personal problems.

The building of the suburbs further impoverished the population of inner-city neighborhoods and public housing projects by luring away middle-class families. At first, in the 1950s, primarily whites left, but from the 1970s onwards, great numbers of blacks also moved to the suburbs. The exodus of working and middle-class people left clusters of low- and extremely low-income households in public housing projects and inner-city neighborhoods, where drugs, violence, out-of-wedlock pregnancies, and other social pathologies seem to hold sway. Policymakers now began to focus on how to break up “concentrations of poverty.”

PROPERTY MANAGEMENT BECOMES A MAJOR PROBLEM

Public housing, especially the high-rise projects in big cities, suffered. As tenants became poorer and vacancies increased, rents no longer covered the costs of maintenance, as they were intended to do in the original public housing program. Housing authorities were forced to skimp on operating expenses and buildings began to deteriorate. In 1968, Congress, led by Senator Edward Brooke, a Republican from Massachusetts and the first black elected to the Senate in the twentieth century, authorized subsidies to local housing authorities to pay for operating expenses.

Yet Washington also required that people uprooted by urban renewal or highway construction be admitted into the public housing projects. For this reason or because they were desperate for tenants, some authorities began to allow families with problems of instability, violence, and alcoholism to live in the projects. In short order, property management became a major problem.

Public housing, which had been originally created to cure the slum, had become, in many people’s minds, a slum itself. Yet within public housing projects, it was hard to get ahead. Convinced that simply providing adequate shelter was an end in itself, housing authorities turned their back on social services that were needed now more than ever. Rules about income limits discouraged residents from getting married or disclosing any income they might earn. Other regulations forbade from the premises the jobs and businesses (such as daycare, hairdressing and nail salons, and car repair) that poor residents ran in order to make ends meet. Some authorities fell into paralysis or corruption and had to be put in receivership.

NEW APPROACHES TO LOW-INCOME HOUSING

Starting in the 1960s, the government has adopted a number of alternative approaches to helping low-income Americans find adequate shelter, which are mentioned briefly below.

Private Market Low-Income Housing Programs

The Kennedy and Johnson administrations initiated subsidies of various sorts to subsidize private market developers who built housing for low-income households. Many of the mortgages have been successful, although some had financial problems, including with property management when developers underestimated operating costs and overestimated rents from low-income tenants. Unlike public housing, however, contracts under these programs were set to expire after a term of years. Because owners may choose not to continue to accept subsidies for low-income tenants, the expiration of contracts each year now threatens to remove thousands of units from the subsidized low-income rolls.

Rent Supplements

In the 1970s, policy makers in the Nixon administration favored the idea of directly providing tenants with housing allowances gathered and instituted them in the Section 8 program. President Ronald Reagan expanded greatly the use of housing vouchers. With approximately 1.9 million households receiving them, Housing Choice Vouchers, as they are now called, have become more prevalent than public housing units. Their advantage is that they allow individual households to find housing on the open market, instead of being restricted to subsidized units in a particular place. Their potential disadvantage is that very low-income people may cluster in the same neighborhoods, creating new “concentrations of poverty.”

Community Development

The Housing and Community Development Act of 1974 broke new policy ground by authorizing community development block grants to replace an assortment of aids, such as urban renewal, to local governments. Subsequent acts in 1977 and 1990 encouraged local governments to use the community development block grants to assist nonprofit groups—many called community development corporations (CDCs)—to develop and maintain low-income housing as well as operate other programs ranging from aftercare to job training. Unrestrained by the maze of rules that govern public housing, CDCs can impose responsible management policies, mix the incomes of their tenants, and run a variety of community and self-improvement programs on the premises of their projects.

Along with public housing, the array of low-income housing programs and types of agents that deliver them has begun to produce a system that at least in spirit resembles what the early public housers dreamed of creating in the early twentieth century.

BACK TO THE FUTURE

Two recent programs point the way to the future, paradoxically by returning to some of the original principals of public housing.

Transforming Public Housing—HOPE VI

To solve the dilemma of the worst crime-ridden and deteriorated public housing projects, Congress passed the HOPE VI program in 1993. Under this innovative initiative, the Department of Housing and Urban Development (HUD) and local housing authorities have demolished unpopular and dangerous high-rise apartment projects, replaced them

with normal-looking houses on normal city streets, and rented to responsible families with a range of low incomes, not just those below the welfare poverty line. HOPE VI encouraged authorities to strengthen a sense of community within housing developments. Under HOPE VI, public housing developments have established community centers that offer childcare, training, recreation, and healthcare, much in the spirit of the ideals of the original public housing program. In addition, the program has allowed public housing authorities to form partnerships with nonprofit agencies and commercial developers. As an novel approach to public housing, some HOPE VI projects have had their share of delays and muddles, but many—such as the Townhomes on Capitol Hill (formerly Ellen Wilson Homes) here in Washington, D.C. or the Villages of East Lake in Atlanta, Georgia—are showcases.

Quality Housing and Work Responsibility Act of 1998

In 1998 the Congress enacted a new initiative to reinstate some flexibility in the public housing program, while also taking into account the recently passed welfare reform bill efforts at encouraging individual responsibility. Among other provisions, the Quality Housing and Work Responsibility Act of 1998 gave residents choices about methods of calculating rents and local authorities some flexibility for setting rents. The law repealed the mandatory admissions policies that had hampered the ability of housing authorities to screen for responsible tenants. It also encouraged authorities to let to tenants with a mix of incomes, so as not to concentrate poverty. While it insisted that physically able tenants that did not work or go to school, perform 8 hours of community service, it also allowed authorities to let residents keep pets. The law loosened the federal strings by allowing housing authorities to form joint ventures with other authorities, form and operate wholly owned subsidiaries, and own mixed finance projects. This law clearly embodied an effort to spread the innovations of HOPE VI, at least some of which in turn hark back to the early days of the public housing program.

LESSONS FROM THE PAST: THE PITFALLS OF PANACEAS

If there is one general weakness that emerges from the history of public housing—and it is by no means unique to this area of policy—it is the tendency to seek panaceas for complex social problems. In the housing area, the panaceas usually take some form of environmental determinism.

For much of its history, many in the public housing field have adhered to a form of environmental determinism that holds that simply placing people in well-designed homes will solve their problems. This led to modernist-style designs that placed first low-rise and then high-rise buildings on “superblocks” isolated from rest of the city. When problems occurred in the isolated high-rise projects, policy makers embraced the opposite belief that taking people out of such places would automatically help them. People who take pride in their living quarters certainly feel better about themselves, but they can thrive in a variety of types of homes. It is wise to avoid a single formula for architecture.

In the effort to avoid the possible effects of concentrations of poverty, many in the housing field have embraced the idea of mixed-income housing development. In its more moderate form, this idea makes a great deal of sense. Following the HOPE VI and the

Quality Housing Act of 1998, public housing officials have set aside units for varying income levels in low-income housing projects. The more extreme versions of mixed-income housing call for combining population groups that differ radically in class from one another. Like the earlier environmental determinism enthusiasms, the arguments for this policy are vague about precisely how the poor will benefit from living next to wealthy neighbors with whom they have little in common. (One can imagine certain circumstances in which the influence might flow the other way, with low-income teenagers versed in urban ways have an effect on youth from upper-income families.)

Another means for achieving mixed-income housing depends upon geographical dispersal of the low-income families to well-to-do suburbs. Low-income families may gain much in the way of services in such affluent places, and if families wish to go there, they should be helped to do so, with Housing Choice Vouchers perhaps. But, as a new study published by HUD confirms, a change of location—no matter how good that location may be—will not by itself solve the complex of problems of people who for reasons of physical or mental health or family situations are chronically unemployed.²

Similarly, some believe that homeownership will cure all that ails low-income families. Again for some this may be an excellent choice, but it is not a panacea for all social ills. It is important to distinguish housing problems due to low income from other more deep-seated problems.

SOME RECOMMENDATIONS FOR A TWENTY-FIRST-CENTURY PUBLIC HOUSING PROGRAM

1. Allow more flexibility within the public housing program. Build on the initial efforts of the HOPE VI and Quality Housing and Work Responsibility Act of 1998 and learn from the nonprofit sector, which has been so creative in the last twenty years.
 - a. Housing authorities should form partnerships with nonprofit and for-profit developers to create new attractive low-income housing.
 - b. With the ongoing movement of low-income people to the suburbs, housing authorities should join regional alliances to help solve regional housing problems.
 - c. Housing authorities should become more entrepreneurial. They should try innovative approaches. Ideas might include extending their budgets by developing mixed-income housing in which market-rate units subsidize low-income units or perhaps even selling old properties and buying or developing new ones.
2. Maintain the ideal of community. Low-income people, like the rest of us, depend upon family members and friends. Housing programs for particular buildings—such as the public housing and Section 8 construction programs—should as much as possible encourage helpful bonds with neighbors both inside the housing

² Joanna M. Reed, Jennifer Pashup, and Emily K. Snell, "Voucher Use, Labor Participation, and Life Priorities: Findings from the Gautreaux Two Housing Mobility Study," *Cityscape* 8:2 (2005), 219-239.

developments and outside in the neighborhood. The kinds of community activities introduced in the HOPE VI program should be extended wherever possible.

3. Allow and encourage people to increase their incomes without penalties. Be flexible in enforcing income limits, so that a family that has begun to get ahead will not be penalized. Property management depends upon having reliable tenants, so it generally will help to retain such tenants at least until such time as they are ready to move to homeownership or another location.
4. Continue to make public housing program as democratic as feasible, with resident participation in the process.
5. When planning new developments, plan also how those developments will be sustained and managed over the long term. The problem of expiring use buildings and the many examples of poor property management over the course of the last forty years should be a caution for the future.
6. Avoid the panacea pitfall. No one approach will solve low-income housing needs, and there are no shortcuts to helping people with a lot of problems.